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Lease Signed, More Schools on the Way: Premier

Department of Education and Culture (to July 99)

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Nova Scotia's first school lease is now signed and public, paving the way to get on with the job of building new schools in communities across Nova Scotia.

Premier Russell MacLellan released the signed lease on the $8-million award-winning O'Connell Drive Elementary School in Porters Lake -- a lease that shows public-private partnerships in providing schools is a good deal for taxpayers as well as for students and teachers.

The net leasing cost for the school is $51,529 per month. Had the province financed the school in the traditional way, by borrowing $8.05 million and repaying the loan at 6.5 per cent interest over 20 years, the cost to taxpayers would be more than $59,000 per month.

"We have a lease, the first, and more will follow soon," said the premier. "We can now move forward and embark on the most ambitious school construction program in our province's history. We can do that in a way that provides good value to taxpayers and won't add a penny to the debt of Nova Scotia."

The lease was signed yesterday by the Province of Nova Scotia, Halifax Regional School Board and Nova Learning, the private partner. O'Connell Drive is Nova Scotia's first elementary school to be designed, built, operated and financed through a public-private sector partnership

Premier MacLellan said this first lease shows government's plan for school construction works.

"We urgently need new schools in Nova Scotia -- more than 30 schools costing a quarter of a billion dollars," he said. "Public-private partnerships are the only way to build and pay for these schools without plunging us back into red ink and heaping more debt on Nova Scotians.

"Accountants have scrutinized this lease from every angle. They confirm that the lease passes the tests -- it is an operating lease -- and shows good value for money."

The 20-year lease gives the province more flexibility and options in meeting future school needs. At the end of the lease, the province can buy the school, renew the lease, or walk away.

Education and Culture Minister Robbie Harrison said the deal is good for taxpayers.

"We don't know what kind of schools we'll need, or where we'll need them 20 years from now," Mr. Harrison said. "If we walk away, we pay about $900,000 less than we would had we financed

the school through traditional means.

"If we buy the school at the end of the lease, the total cost will be about $200,000 more. That's a small price to pay for the flexibility to choose. More significantly, it is a very small price to enable us to build much-needed schools now, without adding to the debt of the province."

Premier MacLellan said the first lease clears the way and now school planning and construction activity is fully under way.

"In December, we announced a new process for partnerships in school construction, with the right checks and balances. Now we have our first lease, and the way is clear for more leases and more schools."

TR3LC Nova -- the partner for both Hants East Elementary and Meadowfields in Yarmouth -- has been instructed to finalize arrangements with its lenders so construction can begin.

The preferred private sector partner for Amherst High will be announced next week, and partners for the Aspotogan School in Lunenburg County will soon be short-listed.

Advertisements will run this week and next calling for private sector partners for 31 new schools across the province. To speed up construction schedules, private sector partners will bid simultaneously on groups of school projects within each region.

In all partnership arrangements, the province and school boards remain responsible for building standards and all educational issues. Teachers, parents and communities are also extensively involved in planning and design of their school boards.

Technology and information resources within the new schools can be shared with neighbouring schools. As one example, O'Connell Drive Elementary is linked to Lakeview Elementary, Bell Park Academic Centre and West Chezzetcook Elementary.

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NOTE TO EDITORS: Backgrounder to follow.

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